



One Court of Justice
**Michigan
Supreme Court**

FY 2005 Budget Request





MICHIGAN SUPREME COURT

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February 19, 2004

The Honorable John C. Stewart, Chairman
N-699, Anderson Building
Lansing, MI 48933

The Honorable Glenn D. Steil, Jr.
N-1091, Anderson Building
Lansing, MI 48933

The Honorable Marc I. Shulman
Room 351, Capitol Building
Lansing, MI 48933

The Honorable Daniel J. Acciavatti
N-796, Anderson Building
Lansing, MI 48933

The Honorable Tupac A. Hunter
S-688, Anderson Building
Lansing, MI 48933

The Honorable Marsha G. Cheeks
S-685, Anderson Building
Lansing, MI 48933

Dear Chairman Stewart and Members of the House Appropriations Subcommittee on the Judiciary:

The Michigan Supreme Court is pleased to submit its budget request for Fiscal Year 2005. The Governor and the Department of Management and Budget have once again called for all state departments and agencies to find areas where restricted revenues can be used to offset current general fund. The proposed FY 2005 budget for the Judiciary reduces total general fund by \$3.2 million from the enacted FY 2004 appropriation while providing a net \$1.9 million increase for judicial operations that will partially cover increases in employee-related costs. The Court believes the attached budget holds the line on spending without compromising judicial branch functions and public services.

The proposed budget reflects projected revenue increases from the Justice System Fund, which was created as part of the legislation passed during last year's budget cycle to revise the system of assessments and costs in criminal cases. The Court has identified improvement of the collection of these court-ordered financial sanctions as one of its top priorities.

If approved, this budget will also allow the judiciary to continue funding for two key initiatives. First, through the Judicial Technology Improvement Fund (JTIF), the Court is getting computer systems set up in every court in the state and connecting them to law enforcement and other agencies as well as to each other. Installation is complete in all courts in 38 counties and in the circuit and probate courts in an additional 27 counties. Of those 65 counties, 51 are now connected to the state's local government network, or LG Net. All remaining courts are

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scheduled to have hardware installed and to be connected to the LG Net by the end of 2004. Additional projects being funded by the JTIF include a statewide warehouse of court information, electronic payment of traffic tickets, and electronic filing of court documents.

Second, the state's drug treatment court programs would be funded at the same level as in FY 2004, a total of \$4.6 million. Another \$1.8 million of Byrne Formula grant funding is available through the Office of Drug Control Policy. Drug treatment courts not only save taxpayer dollars – and free up space in overcrowded prisons for violent offenders – but they return incalculable benefits to society in the form of productive, stable human beings. Michigan currently has 36 drug treatment courts operating in Michigan and another 27 in the planning stages.

We appreciate the opportunity to address your committee today. Please contact me for further discussions of this proposal. Deputy State Court Administrator Dawn Monk (517) 373-4841, Budget Officer Karen Ellis (517) 373-5544 and Supreme Court Counsel Michael Gadola, (517) 373-1294 are also available if you would like further information or to answer any questions you may have.

Sincerely,

A handwritten signature in cursive script that reads "Maura D. Corrigan".

Maura D. Corrigan
Chief Justice

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Introduction

The Michigan Supreme Court recognizes that the State of Michigan faces continuing economic challenges in FY 2005. We will continue to work with the Legislature and the Executive Branch to find ways to reduce costs and increase efficiency while at the same time fulfilling our primary obligation: to serve the public and pursue the ends of justice.

Our family courts, and especially our Friends of the Court, completed the statewide conversion to a single computer system, the Michigan Child Support Enforcement System (MiCSES) in cooperation with FIA-OCS, DIT, and private contractors. The system has been certified by the federal government. Thanks to these sustained, cooperative efforts, our state has been spared more than \$147 million in federal penalties and has recouped \$35 million in a refund of previously paid federal penalties. Of this amount, \$6 million was placed in the FY 2004 judicial branch budget to be used for technological improvements.

During the last budget cycle, the Judiciary worked with the Legislature and the Executive Branch to pass legislation to revise the system of assessments and costs in criminal cases and to increase civil filing fees. For FY 2004, these proposals replaced \$11.2 million of general fund with restricted revenues, increased funding available for Drug Treatment Courts and the Judicial Technology Improvement Fund, and provided new funding for local units of government. In addition, these proposals moved \$8.6 million of court equity general fund to restricted revenues, protecting it from future general fund reductions. An additional \$2.5 million of general fund has been replaced by restricted revenues in the proposed FY 2005 budget as we move from the prior assessment and cost system to the new system.

The proposed FY 2005 budget for the Judiciary reduces total general fund by \$3.2 million from the enacted FY 2004 appropriation while providing a net \$1.9 million general fund increase for judicial operations. This funding will be used to cover higher costs for items like health care and state retirement charges and inflation in other costs. Judiciary employees did not receive the 3% cost of living adjustment received by most Executive Branch employees for FY 2004, and this general fund increase may also allow us to provide some kind of adjustment for FY 2005. The number of active employees on the Judiciary's payroll has decreased from 529 at the beginning of FY 2001 to 455 for the February 12, 2004, pay date. This is a decrease of 74 employees, almost 14%, which has been achieved through attrition, layoffs, and not replacing early retirees. We continue to evaluate the budget situation and hope to be able to replace a limited number of these positions.

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Judicial Technology Improvement Fund (JTIF)

Technology plays a key role in the efficient and timely delivery of justice to Michigan citizens. Last year's increase in civil filing fees and the creation of the Civil Filing Fee Fund along with the \$6 million received by the Judiciary from the MiCSES penalty refund has provided funding for technology projects that will improve the operation of and services provided by the state's judicial system.

The Judiciary continues to develop a statewide judicial network to allow courts to submit information electronically to the Michigan State Police, Department of State and other state agencies. This network will provide courts and the criminal justice system with quick, accurate, and accessible information. Hardware installation is complete in circuit and probate courts in 27 counties and in all courts in 38 counties. Of these 65 counties, 51 are connected to the state's Local Government Network (LG Net) and are electronically transmitting criminal history records to the state police Criminal Justice Information Center. The connectivity enables immediate update of the records. In the past, the majority of the submissions were in batches or on paper. The hardware installation and connection of the remaining courts and counties is scheduled to be completed by December 2004.

Another project being developed with the JTIF is a data warehouse of court information. Currently, the Judiciary's 251 trial court locations are supported by 41 different case management systems. These systems are also hosted locally by the county or municipality for that court. This creates a void in the knowledge about individuals involved with the Michigan court system and makes it difficult to obtain statistical information. The Judiciary has engaged the services of the Executive Branch's Data Warehouse and Bull Information Systems to develop a Proof of Concept for a Judicial Data Warehouse. The Judiciary hopes to leverage the other information sources at the warehouse to provide a comprehensive view of individuals involved with the Michigan court system. The Proof of Concept has been completed in the pilot courts of Isabella and Saginaw counties and is scheduled to be expanded into Bay, Clinton, Genesee, Gratiot, Midland, and Shiawassee counties by the summer of 2004. In FY 2005, expansion is scheduled to the counties of Alcona, Arenac, Clare, Eaton, Gladwin, Ingham, Ionia, Iosco, Livingston, Mecosta, Montcalm, Osceola, and Oscoda.

The Judiciary is working with the Executive Branch's e-Michigan Office and IBM to use the State's web-site to allow citizens to make payments on traffic tickets via the Internet. Development of the application is complete and was implemented in a pilot court in February 2004. The system is designed to interface to all trial court case management systems and can accommodate the payment of traffic tickets for multiple courts from one credit card transaction. An additional 20 courts are scheduled to be added in FY 2004 and FY 2005.

E-filing is another major project being developed with the JTIF that will allow courts and law firms to streamline their activities while providing increased control over the process and improved access to information. Currently there are 700 forms used in Michigan's Judiciary. These forms need to become more operational in their usage and employ emerging technologies. The Judiciary is in the process of developing a Strategy and Planning Session that will develop a Solutions Outline and Macro Design for the e-filing initiative of the Michigan Judiciary. The selected web-based forms development and support solution will become the foundation for all the e-filing initiatives. The pilot project plan includes the implementation of general civil cases for district courts and Michigan Public Service Commission cases for the Court of Appeals.

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As an offset to a \$1,000,000 reduction in court equity fund reimbursement, \$1,000,000 of FY 2005 JTIF will be distributed to counties in the same proportion as their court equity distributions. These funds are intended to be used for court technology needs.

Collections at Michigan Trial Courts

Improvement of the collection of court-ordered financial sanctions is a top priority for the Michigan judiciary. The Supreme Court plans to continue to improve collection processes at local trial courts through the use of the Department of Treasury's tax intercept and debt collection programs, providing software enhancements to trial courts to improve collections management capabilities, targeting courts with low collection rates for direct technical assistance, and implementing an enhanced trial court audit program to ensure that courts are assessing fees correctly and distributing funds properly.

Several steps have been taken in recent years to improve the collection process at the courts including:

- Statutory authorization of a 20% late penalty for a person who fails to pay fees or costs within 56 days after that amount is due and for the Department of Treasury to intercept state tax refunds and take other collection action to satisfy outstanding obligations.
- Publication of a manual outlining guidelines for trial court collections, including best practice standards, discussion of best practices, guidelines for developing a collection plan, and sample forms and references. This manual can be found on the Supreme Court web site at <http://courts.michigan.gov/scao/resources/standards/#collect>.
- Adoption of Michigan Court Rule 1.110, which requires that fines, costs, and other financial obligations imposed by the court be paid at the time of assessment unless good cause is shown.
- Enactment of legislation as part of the FY 2004 budget development process which consolidated certain assessments and costs in order to simplify the assessment, collection, and distribution of monetary obligations imposed by the courts; increased selected fees and assessments to provide additional revenue for local and state judicial operations; and provides funding for monitoring collections, distribution of fund receipts, management assistance, and audit of trial court collections.

Additional steps that are in process or are being planned include:

- Hire a Trial Court Collections Analyst who will be responsible for implementing and coordinating strategies and approaches to ensure trial court compliance with collection and fiscal management requirements and standards.
- Simplify and expand the use of the Department of Treasury tax intercept and debt collection programs. Streamlined software with improved data exchange and fiscal management modules is being tested.
- Provide software enhancements to improve trial court collections management capabilities.

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- Continue to study court collections data to assess the impact of collection enhancement initiatives and identify areas for further improvements.
- Target courts with low collection rates and provide technical assistance to improve collection processes.
- Identify areas where further legislative action is needed to strengthen the enforcement of court orders and judgments.
- Continue training on best practices for trial court collections which is currently included at MJI seminars and in SCAO updates for new chief judges, judges, probation officers, and court administrators.
- Expand auditing of trial court records to ensure that fines, costs and fees are properly assessed, collected and distributed. All trial courts will be reviewed during the current fiscal year.

Drug Treatment Courts

Drug treatment courts have helped nonviolent offenders stop using alcohol and drugs, improve parenting skills, obtain employment and lead productive lives. Drug treatment courts hold offenders accountable for their behavior with intense judicial supervision, graduated sanctions, ongoing random mandatory drug testing, judicially supervised treatment and aftercare programs. Michigan currently has 63 drug treatment courts, including three tribal drug treatment courts. Twenty-seven of these are in the planning phase.

Funding for drug treatment courts increased dramatically in FY 2004 as \$4.6 million was made available in the Judiciary's appropriation, including \$1.8 million of federal Byrne Memorial Formula Grant funds and \$1.3 million from the Justice System Fund. An additional \$1.8 million of Byrne funds have also been made available through the Office of Drug Control Policy (ODCP), providing \$6.4 million of funding, double the funding available in FY 2003. With this combined funding, 30 drug treatment court programs have so far been awarded grants totaling \$4.5 million through the state, as shown on the following chart:

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Court	SCAO Byrne Award	Other SCAO Awards	ODCP Byrne Award	Total 2004 Awards
Barry County Barry County Trial - Adult Barry County Trial - Juvenile	\$80,000	\$80,000 \$60,000	\$56,000 \$89,520	\$216,000 \$149,520
Calhoun County 37 th Circuit - Adult		\$53,500	\$80,000	\$133,500
Eaton County 56 th Circuit - DUI		\$38,000	\$56,716	\$94,716
Genesee County 7 th Circuit - Adult 67 th District - Adult	\$225,000	\$90,000 \$18,000	\$26,395	\$315,000 \$44,395
Grand Traverse County 13 th Circuit - Juvenile 86 th District, Traverse City - Adult		\$32,000 \$50,000	\$46,180 \$75,000	\$78,180 \$125,000
Ingham County 55 th District - Adult		\$24,000	\$70,000	\$94,000
Iron County 41 st Circuit - Adult		\$70,000	\$64,409	\$134,409
Isabella County Isabella County Trial - Adult		\$20,000	\$70,000	\$90,000
Kalamazoo County 9 th Circuit - Adult	\$180,000	\$70,000		\$250,000
Kent County 61 st District, Grand Rapids - Adult		\$175,000	\$225,000	\$400,000
Lapeer County 40 th Circuit - Juvenile		\$30,000	\$76,000	\$106,000
Macomb County 16 th Circuit - Adult 16 th Circuit - Juvenile 37 th District, Warren - Adult	\$225,000	\$50,000 \$50,000 \$100,000	\$100,000 \$200,000	\$275,000 \$150,000 \$300,000
Manistee County 19 th Circuit - Juvenile		\$15,000	\$76,000	\$91,000
Oakland County 6 th Circuit - Adult 6 th Circuit - Juvenile 43 rd District, Ferndale - Adult 46 th District, Southfield - Adult 51 st District, Waterford - DUI 52-1 District, Novi - DUI 52-4 District, Troy - DUI	\$90,000	\$40,000 \$110,000 \$10,000 \$25,000 \$35,000 \$53,500 \$50,000	\$164,627 \$14,808 \$62,028 \$44,799 \$80,000	\$130,000 \$274,627 \$24,808 \$87,028 \$35,000 \$98,299 \$130,000
Ottawa County 20 th Circuit - Adult		\$32,000		\$32,000
Wayne County 3 rd Circuit - Adult 3 rd Circuit - Juvenile 19 th District, Dearborn - Adult 36 th District, Detroit - Adult	\$225,000	\$90,000 \$152,000 \$44,000	\$53,475 \$70,000	\$315,000 \$152,000 \$53,475 \$114,000
TOTAL	\$1,025,000	\$1,667,000	\$1,800,957	\$4,492,957

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With the federal Byrne funding in the judicial appropriation, the Judiciary is working with the Department of Corrections and the Office of Drug Control Policy to use the program to assist in avoiding prison bed space growth for non-violent offenders. These funds are targeting nonviolent probation violators and other nonviolent felony offenders who, based on local sentencing practices, are otherwise bound for prison. The long run goal is to reduce drug use and recidivism among this population of offenders.

Justices' and Judges' Salaries

Included in the Governor's recommended budget is a net reduction of \$101,700 in justices' and judges' salaries to recognize various judgeship changes from 2001 and 2002 legislation and to provide necessary funding for judges' defined contribution and social security payroll tax costs.

Economic Adjustments

The Governor's recommended budget includes net general fund increases of \$2,385,400 (\$2,578,200 gross) for employee economics and reductions of \$1,217,100 for building occupancy because of reduced billing rates by DMB. It also incorporates the \$1,100,000 of general fund reductions from the FY 2004 negative supplemental, PA 237 of 2003, including \$500,000 of reductions to judicial operations. This results in a net general fund increase of \$1,885,400 for judicial operations over the enacted FY 2004 appropriation.

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	ENACTED 2003-2004 (with 12/03 negative supplemental)	JUDICIARY PROPOSED AND GOVERNOR'S REC. FY 2005
APPROPRIATION SUMMARY:		
Full-time equated exempted positions 582.5		
GROSS APPROPRIATION	253,067,900	253,016,600
Total interdepartmental grants	4,633,500	4,633,500
ADJUSTED GROSS APPROPRIATION	248,434,400	248,383,100
Total federal revenues	4,106,500	3,815,600
Special revenue funds:		
Total local revenues	3,148,700	3,298,100
Total private revenues	842,500	842,500
Total other restricted revenues	80,120,300	82,333,600
State general fund/general purpose	160,216,400	158,093,300
SUPREME COURT		
Full-time equated exempted positions 285.0		
Supreme Court Administration, 117.0 FTE positions	9,918,100	10,704,000
Judicial Institute, 19.0 FTE positions	2,909,700	2,661,300
State Court Administrative Office, 79.0 FTE positions	9,745,100	9,949,100
Judicial Information Systems, 21.0 FTE positions	4,511,400	4,608,500
Direct Trial Court Automation Support, 33.0 FTE positions	3,148,700	3,298,100
Foster Care Review Board, 12.0 FTE positions	1,159,600	1,207,500
Community Dispute Resolution Program, 4.0 FTE positions	2,499,800	2,248,400
Drug Treatment Courts	4,635,000	4,635,000
Other Federal Grants		275,000
GROSS APPROPRIATION	38,527,400	39,586,900
Appropriated from:		
Interdepartmental grant revenues:		
IDG from department of community health	1,800,000	1,800,000
IDG from department of career development	95,000	95,000
IDG from state police—criminal justice improvement	2,015,000	2,015,000
IDG from state police—Michigan justice training fund	300,000	300,000
Federal revenues:		
DOE—special education grant	150,000	
DOJ—enforcing underage drinking laws	50,000	
DOJ—victims assistance program	50,000	50,000
DOJ—drug court training and evaluation	300,000	300,000
DOT—national highway safety traffic administration	215,300	215,300
HHS—access and visitation grant	387,000	387,000
HHS—court improvement project	1,160,000	1,160,000
HHS—domestic violence prevention	175,000	
HHS—TANF	50,000	
HHS—title IV-D child support program	907,700	907,700
HHS—title IV-E foster care program	500,000	520,600
USDA —agriculture mediation grant	125,000	
Other federal grants		275,000

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SUPREME COURT (continued)			
Special revenue funds:			
Local—user fees		3,148,700	3,298,100
Private		169,000	169,000
Private—interest on lawyers trust accounts		232,700	232,700
Private—state justice institute		370,800	370,800
Community dispute resolution fees		2,224,800	2,248,400
Law exam fees		482,100	482,100
Drug court fund		1,267,500	1,688,300
Miscellaneous revenue		227,900	227,900
Justice system fund		600,000	600,000
State court fund		319,000	319,000
State general fund/general purpose		21,204,900	21,925,000
COURT OF APPEALS			
Full-time equated exempted positions 228.5			
Operations, 228.5 FTE positions		17,045,700	17,911,800
GROSS APPROPRIATION		17,045,700	17,911,800
Appropriated from:			
Special revenue funds:			
Court filing/motion fees		1,746,000	1,746,000
Miscellaneous revenue		77,800	77,800
State general fund/general purpose		15,221,900	16,088,000
BRANCHWIDE APPROPRIATIONS			
Full-time equated exempted positions 4.0			
Branchwide appropriations, 4.0 FTE positions		8,126,000	7,077,900
GROSS APPROPRIATION		8,126,000	7,077,900
Appropriated from:			
State general fund/general purpose		8,126,000	7,077,900
JUSTICES' AND JUDGES' COMPENSATION			
Full-time judges' positions 613.0			
Supreme court justices' salaries, 7.0 judges		1,152,300	1,152,300
Court of appeals judges' salaries, 28.0 judges		4,240,300	4,240,300
District court judges' state base salaries, 258.0 judges		23,946,700	23,877,200
District court judicial salary standardization		11,831,100	11,796,800
Probate court judges' state base salaries, 103.0 judges		9,168,500	9,030,800
Probate court judicial salary standardization		4,407,100	4,344,200
Circuit court judges' state base salaries, 217.0 judges		20,346,300	20,416,900
Circuit court judicial salary standardization		9,876,400	9,910,700
Judges' retirement system defined contributions		2,557,800	2,704,100
OASI, social security		4,738,200	4,689,700
GROSS APPROPRIATION		92,264,700	92,163,000
Appropriated from:			
Special revenue funds:			
Court fee fund		7,090,200	7,090,200
State general fund/general purpose		85,174,500	85,072,800

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JUDICIAL AGENCIES			
	Full-time equated exempted positions 10.0 Judicial tenure commission, 10.0 FTE positions	992,000	989,000
	GROSS APPROPRIATION	992,000	989,000
	Appropriated from: State general fund/general purpose	992,000	989,000
INDIGENT DEFENSE—CRIMINAL			
	Full-time equated exempted positions 55.0 Appellate public defender program, 47.0 FTE positions Appellate assigned counsel administration, 8.0 FTE positions	4,453,800 800,300	4,586,500 843,500
	GROSS APPROPRIATION	5,254,100	5,430,000
	Appropriated from:		
	Interdepartmental grant revenues:		
	IDG from state police—Michigan justice training fund	423,500	423,500
	Federal revenues:		
	DOJ—assigned criminal defense	36,500	
	Special revenue funds:		
	Private—interest on lawyers trust accounts	70,000	70,000
	Miscellaneous revenue	113,100	113,100
	State general fund/general purpose	4,611,000	4,823,400
INDIGENT LEGAL ASSISTANCE—CIVIL			
	Indigent legal civil assistance	7,337,000	7,337,000
	GROSS APPROPRIATION	7,337,000	7,337,000
	Appropriated from:		
	Special revenue funds:		
	State court fund	7,337,000	7,337,000
	State general fund/general purpose	0	0
TRIAL COURT OPERATIONS			
	Court equity fund reimbursements	69,906,000	68,906,000
	Judicial technology improvement fund	4,465,000	4,465,000
	GROSS APPROPRIATION	74,371,000	73,371,000
	Appropriated from:		
	Special revenue funds:		
	Court equity fund	45,019,900	46,788,800
	Judicial technology improvement fund	4,465,000	4,465,000
	State general fund/general purpose	24,886,100	22,117,200

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GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT			
	Drunk driving case-flow program	2,300,000	2,300,000
	Drug case-flow program	250,000	250,000
	Juror compensation reimbursement	6,600,000	6,600,000
	GROSS APPROPRIATION	9,150,000	9,150,000
	Appropriated from:		
	Special revenue funds:		
	Drunk driving fund	2,300,000	2,300,000
	Drug fund	250,000	250,000
	Juror compensation fund	6,600,000	6,600,000
	State general fund/general purpose	0	0